

ER 12-46 -a

8 JAN 60

Handwritten: [Signature]
Honorable Chester Bowles
House of Representatives
Washington 25, D. C.

Dear Chet:

Many thanks for your note of December 29
enclosing a copy of the very thoughtful letter
you sent to the President.

I read it with considerable interest and
certainly appreciate your bringing it to my
personal attention.

With every best wish for 1960.

Faithfully yours,

SIGNED

Allen W. Dulles
Director

Handwritten: [Signature]
O/DCI, rad 7 Jan 60

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EXECUTIVE REGISTRY FILE *Handwritten: [Signature]*

CHESTER BOWLES
2D DISTRICT, CONNECTICUT

COMMITTEE ON
FOREIGN AFFAIRS

Approved For Release 2002/10/30 : CIA-RDP80B01676R000900030086-8

Congress of the United States
House of Representatives
Washington, D. C.

12-267

December 29, 1959

Dear Allen:

I am enclosing a letter to the President on India. I do not think that I exaggerate the challenge.

Warmest regards,

Sincerely,



Chester Bowles

enclosure

Honorable Allen W. Dulles
Director of Central Intelligence
2430 E Street, N.W.
Washington 25, D.C.

December 26, 1957

The President
The White House
Washington 25, D.C.

Dear Mr. President:

May I offer my heartfelt congratulations on the extraordinary success of your good will visit to Europe, North Africa, South Asia, and particularly to India.

My service as Ambassador in New Delhi left me with the profound conviction that the economic and political success of this remarkable country is of vital and, perhaps, decisive importance to our own future. For this reason I hope you will not think it presumptuous of me to outline what I believe to be our urgent responsibility and great opportunity in that part of the world.

In discussing the following remarks on India, I do not intend to seem to disregard the important claims which several other newly freed countries legitimately have on our attention. But because of the gravitational pull which India exerts, the whole non-communist underdeveloped world has a direct stake in her orderly economic and political growth. If India's democratic efforts should fail, it will be almost impossible for others to succeed. If India succeeds it will be far more difficult for others to fail.

I am hopeful that as a direct result of your visit, we can now look forward to the major, sustained, coordinated program of economic aid to India which I and several others have been advocating for nearly a decade. If your administration, working with our friends in Western Europe, will develop a concrete and adequate program to underwrite the capital requirements of India's Five Year Plan (which starts on April 1, 1961), and if you, Mr. President, will throw your great personal prestige and personal prestige behind that program in presenting it to Congress and to the American people, I have no doubt of its acceptance.

When I reported to you in May 1953, following my resignation as Ambassador to India, I suggested that from the vantage point of my 2,800 A.D., history our American may appear to have been faced with three profoundly important decisions: one affecting Western Europe following World War II, another affecting China in the late 1930's and early 1940's, and a third affecting India in the 1940's and 1950's. I should like briefly to discuss these three opportunities for action.

The challenge involving Western Europe was brilliantly met under the most difficult conceivable political conditions. In 1947 it was clear that Europe was facing the gravest economic, political, and security problems that Communist pressure both direct and indirect was extremely powerful and likely to become more so, and that only through the massive application of American capital, technology and understanding could the necessary European reconstruction and moral regeneration take place.

Yet the practical political obstacles to such action were so great that it might have been persuasively argued that we were powerless to do what was required of us.

There were at least as high then as today. So were in the aftermath of inevitable emotional reaction following the war and our national mood was hesitant about continued global involvement. Our government was politically divided with the Democrats in control of the Executive branch and the Republicans in control of Congress.

Furthermore our total economic output was only about 50% of our prewar output, the industrial goods needed for European recovery were in great demand in our own country, and domestic prices were rising at the rate of 14% annually which is the highest rate in our peacetime history.

In the face of these unprecedented internal difficulties the Administration then in office mustered both the insight to sense the enormity of the challenge and the courage to present the necessary bold course of action to the American people and to Congress.

As a result of responsible bipartisan support from the Congress, public understanding was rallied on a broad scale, the necessary appropriations and supporting legislation were voted through, and some of the ablest men in both political parties were brought into our government to administer the program in Washington and in Europe.

This action, Mr. President, turned the tide of history. Europe was politically stabilized, rapid economic growth was assured, and the Communist tide reversed. Today Western Europe stands again as a stronghold of human freedom and productive power.

In regard to the second challenge, that involving China, we failed miserably. It may be argued that developments in China were beyond our control but they were amply not beyond our influence. It is not that we deliberately decided against doing what was required of us. Instead we allowed the passing of decisions to pass by one by one, and we lost our opportunity to influence the course of events. This was partly the result of apathy, partly because of

differences among us over what to do, but largely because China was new and unfamiliar. Consequently most of us, Republicans and Democrats alike, failed to understand the urgency and sweep of the challenge.

In any event as a result of this failure our generation and many future generations to come will find themselves confronted with a formidable China which carries obvious potentialities for aggression and war.

Just as the spirit for the success of the Marshall Plan belongs to the leaders of both parties, including yourself, so the blame for our failure also cuts across party lines.

We now face the crucial questions: have we learned our lesson from the debacle in China, or must the cause of freedom suffer a similar and perhaps decisive disaster because once again we lack the insight and the courage to act?

I refer, of course, to the third of the three great decisions which I discussed with you in our last visit, six and one-half years ago. The central core of the challenge, as I said then, is the democratic stability and economic growth of India. It is now apparent that the decisive factor in this challenge will be the success or failure of India's Third Five Year Plan.

Between 1955 and 1956, our relations with India deteriorated largely as a result of an insensitive diplomacy and a series of tactical blunders. More recently, our understanding of the requirements has improved and with it our effectiveness.

Although this improvement is most welcome, the fact remains that at present, as well as our past, efforts have been totally inadequate. What we must hope for is that your recent visit will give us an opportunity for a fresh start and that your Administration will seize the opportunity now offering it.

India, as you have seen, is not simply "another nation", but a continent in itself. Her population is comparable to that of Europe, or to that of Africa and Latin America combined. Her natural resources are extraordinary. Her geographic position is crucial.

In addition to her great natural advantages, India possesses an extremely able Civil Service, a large number of competent technicians, a well-entrenched spirit of national service created through Gandhi, deeply rooted religious convictions which are philosophically opposed to Communism, brilliant political leadership, and unprecedented prestige with the other new nations in Asia and Africa.

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If the Indian leaders, blessed with these advantages, succeed in developing their great country without resorting to totalitarianism, the effect on the attitudes and aspirations of a half billion additional people in Africa, Latin America and Asia will be profound. India will then be in a position to provide a strong bulwark against Chinese Communist domination into South Asia.

Indeed, it is fair to say that for the long haul the only conceivable balance to Chinese power in Asia must come out of India. This is a major strategic factor which should not be lost sight of, especially when it is compared to some of our recent military aid programs in the Asian area, the value of which many of us seriously question as economically wasteful, militarily dubious, and politically unclear.

If on the other hand the Indian experiment should fail, in spite of its initial advantages, the entire economic and political structure of India and independence from Tokyo to Moscow might easily collapse in the span of a single decade. Similar effects in Latin America could be simply a matter of time.

Since Western Europe's long-term industrial growth is almost totally dependent upon raw material imports from Africa, Asia and Latin America, increasing pressures would quickly develop against our NATO alliance. The United States itself would be on its way to the precarious existence of an isolated garrison state in which the very freedoms which distinguish us from our totalitarian adversaries would be sacrificed in our frantic efforts to insure military security.

Although this is an ominous picture, I do not believe it is inevitable. Yet many of your advisers will almost certainly argue that the kind of action which is required to ensure the success of the Indian Three Five Year Plan is quite beyond our economic and political capacity, even if we are joined by other prosperous free nations.

They will point out that we are in an election year and that the Congress is of one party and the Executive Branch of another.

They will say that if we take the bold economic action which some of us have been proposing for the past several years we will only add further to inflationary pressures.

But this is tantamount to saying that the United States of America, with nearly half the industrial production of the world and an annual gross national product of almost \$500 billion, cannot afford to appropriate the funds which may spell success or failure for the greatest experiment in development now in progress in Asia.

May I say that I earnestly hope that you will reject such negative counsel.

page 5 - The President - continues

If there ever was a time for bold, courageous, enlightened action of the kind we demonstrated in Western Europe immediately following the war, the time is now and the place is India.

The amount of money involved for a truly adequate program for India as well as for those other nations which are also genuinely and effectively able to use our assistance - is less than the annual appropriations of the Marshall Plan. Yet today our gross national product is double what it was then. Although inflationary pressures continue to be disturbing, they are only a fraction of what they were in 1947 and 1948. Although our Government is now politically divided, it was also divided then. Although a Presidential election is approaching now, it was then too.

As you know, Senators Kennedy and Cooper, Congressman Harrow and I introduced resolutions in the Congress last session calling for a special mission from the major industrialized nations to India and South Asia to explore with the governments concerned their plans for economic development. We have been heartened by the recent announcement that such a mission has now been appointed under the auspices of the World Bank.

But I respectfully suggest that the basic decision should not be postponed awaiting the filing of the mission's report. The one bold stroke, which could give vital significance to the mission itself as it sets about its duties, is a clear cut decision by your Administration that the Indian Five Year Plan will not be allowed to fail for lack of foreign exchange. Can this decision have been made, consultation with the Indian government and taking the added meaning they deserve. This program could then at the appropriate time be presented to the American people over television, and radio as well as through background press conferences, briefing sessions and the countless other means available for reaching the public on an issue of these dimensions.

With the background of public support which I am confident you are personally seeking, I have no doubt that you will find a ready response in the Congress. Although I would not presume to speak for the leaders of my own party, I would be surprised indeed if the Democratic candidates for the Presidency would not be among the first to support the program to help reach India's economic and political dreams which I have suggested to you in this letter.

I am writing to you in this frank and outspoken way only because we deeply feel that you as our President and we on Capitol Hill, whether we like it or not, are facing one of the momentous opportunities of this century for historic leadership. I also believe that we are rapidly running out of time and that the train of consequences which could flow from continued hesitancy could plague us for generations.

7VH 13 15 The initial decision, Mr. President, can be made only by you. I earnestly and respectfully urge you to make it.

Sincerely yours

12-16

8 January 1960

MR. DULLES:

The following is for information only.

Mr. Bowles in the attached letter to the President is underscoring the importance of the U. S. and Western countries developing a realistic program to underwrite the capital requirements of India's third five-year plan which begins in April 1961. He urges the President to personally master this task with the Congress because he warns we are running out of time "and the consequence of not doing it could plague us for generations".

Bowles cites the effectiveness of the Marshall Program in 1947 for Europe as evidence of what this Nation can do, and reminds that there was considerable doubt at that time as to our financial ability to appropriately support Europe. On the other hand, he cites China as a "debacle". He stresses the importance of aggressively and with courage moving on the Indian problem and states that the money requirement is less than the annual appropriation for the Marshall Plan and that when today our gross national product is double that of 1947, there is little reason why the U. S. cannot afford to take adequate steps to do the job.

JMC
JMC
JMC

EXHIBIT 12-16

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JSE

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